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Central Intelligence Agency



Washington, D.C. 20505

Libyan Sanctions Update # 2

30 May 1986

This report contains information relevant to the US effort to impose sanctions on Libya. It covers all West European countries plus Argentina, Brazil, Japan, India, and South Korea. Information contained in the first sanctions update (7 March 1986) is not repeated. [redacted]

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This report was prepared by the West European Division, Office of European Analysis, with contributions from other offices. Questions and comments are welcome and may be addressed to [redacted] Chief, West European Division

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[redacted]
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ARGENTINA

No significant developments.



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[REDACTED]

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BELGIUM

[REDACTED]

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Actions Undermining US Sanctions

[REDACTED]

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In May a South Korean-owned refinery in Belgium received 130,000 tons of Libyan crude--more oil than Belgium imported from Libya in all of 1985. [REDACTED]

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BRAZIL

[REDACTED]

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[REDACTED]

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[REDACTED]

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Actions Undermining US Sanctions

Brazil publicly refused to back US economic sanctions in line with traditional Brazilian opposition to such measures and the government's unwillingness to impose restrictions on exports. [REDACTED]

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[REDACTED]

CANADA

Actions Support US Sanctions

No significant developments.

Actions Undermining US Sanctions

Canadians reportedly have replaced about 100 US workers in Libya, including about 50 at the Oasis Oil Company. [REDACTED]

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[REDACTED]

DENMARK

No significant developments.

[REDACTED]

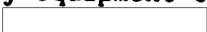
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EUROPEAN COMMUNITY

Actions Support US Sanctions

The EC Foreign Ministers on 14 April decided to reduce the staff of Libyan diplomatic missions in their countries, restrict the freedom of movement of Libyan diplomats, and institute stricter visa requirements and procedures for Libyan nationals. They affirmed that the previously agreed-to ban on the sale of arms and military equipment to states supporting terrorism specifically applied to Libya. 


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FINLAND

No significant developments.

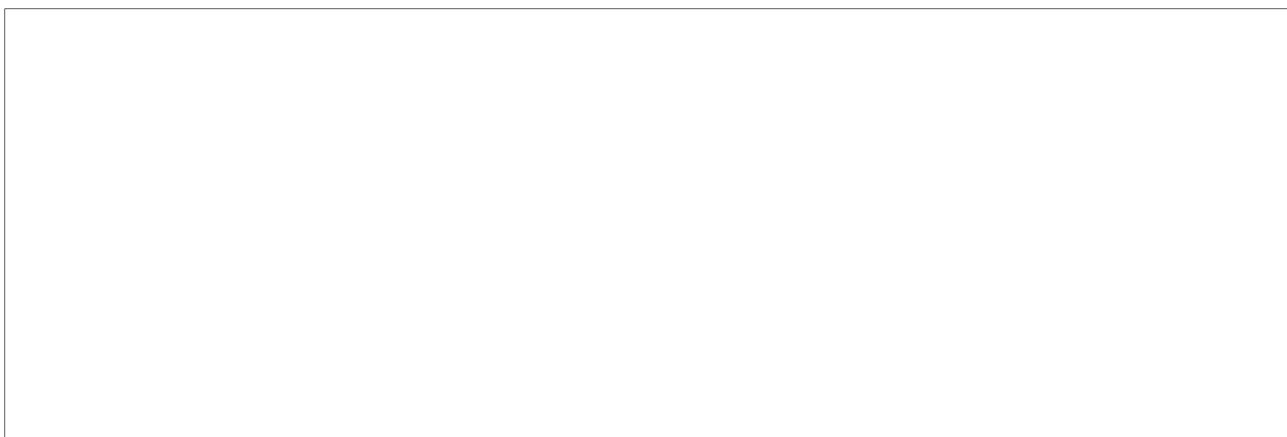
FRANCE


Actions Supporting US Sanctions

In mid-February, Schlumberger--a multinational oil services company incorporated in the Netherlands Antillies, headquartered in New York, but heavily French in personnel--placed a hold on a scheduled March shipment of a seismic vibrator unit to Libya. The equipment--which was manufactured in the United States and worth approximately \$320,000--was to have been transferred to Libya via a French subsidiary. The parent firm decided, however, that once in France, it would be impossible to block the onward shipment of the unit, and that in compliance with US sanctions it should not be allowed to leave the United States. 

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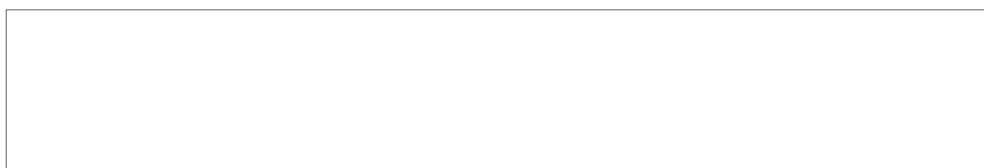
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French press reports indicate that in late April French electronics and armaments manufacturer Thomson CSF was performing routine servicing on four Crotale anti-aircraft missile launchers owned by Tripoli. 

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GREECE

Actions Supporting US Sanctions

Athens has placed Libyans under increased surveillance, according to Prime Minister Papandreou. [REDACTED]

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In late April, the Ministry of Interior and Public Order was split in two with Antonios Drossoyiannis--the former Alternate Minister of Defense--heading the new Ministry of Public Order in an effort to improve Greece's ability to counter terrorism. [REDACTED]

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According to the press Greece has quietly expelled several Libyans. [REDACTED]

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Actions Undermining US Sanctions

In response to the Tokyo Summit statement, a government spokesman said Greece will oppose extreme anti-terrorist measures or military operations and insist on hard evidence before supporting other action. [REDACTED]

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Olympic Airways resumed its service to Libya--five flights per week--after temporarily suspending flights in March following the clash between the United States and Libya in the Gulf of Sidra and again in April after the US attack on Libya. [REDACTED]

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IRELAND

Actions Supporting US Sanctions

No significant developments.

Actions Undermining US Sanctions

An Irish firm, Whitaker's Hatcheries Ltd., is seeking to land a \$125 million poultry breeding contract with Libya.

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ITALY

Actions Supporting US Sanctions

Fiat's Director of International Activities said that the company offered to buy back Libya's 13.8 percent of Fiat stock, but was refused. Libya says the Fiat purchase is the best investment it ever made, and that Tripoli has no intention of selling.

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Authorities at the Port of Naples have ordered all Libyan cargo ships to dock at the main passenger terminal because security in the cargo section is inadequate to perform increased checks.

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[REDACTED]

Rome expelled 10 Libyan diplomats in compliance with the EC's decision on 21 April to reduce Libya's diplomatic presence in Western Europe. In addition, a Libyan Consular Official in Palermo was ousted in early May for behavior incompatible with his diplomatic status. On 23 May, Rome expelled 8 more Libyan diplomats in response to Tripoli's mass expulsion of Western diplomats on 12 May. Italy also has instituted tougher visa standards and has been cracking down on foreigners staying illegally in Italy. Twelve Libyans were expelled on 9 May, and two on 15 May for not having proper work permits or visas. On 29 May, 12 employees of Libyan firms operating in Rome were ordered to leave Italy along with their families. [REDACTED]

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Craxi's chief economic adviser, Badini, hinted to US Embassy officials that Italy has more freedom to respond to Libyan threats now that the majority of Italians living in Libya have left. The Italian community in Libya has fallen from 15,000 to 2,000 since the start of the year. [REDACTED]

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Badini also said that, although Italy cannot support a boycott of Libyan oil, it is reducing oil purchases from Libya. He claims that AGIP has reduced its equity share of Libyan oil from 80,000 to 60,000 barrels per day, and AGIP's contract for an additional 25,000 b/d, due to expire in June, probably will not be renewed. [REDACTED]

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Italy has proposed legislation to monitor foreign investment in Italy. It is aimed at non-OECD nations and was triggered by the Libyan purchase of the Tamoil refinery, which Craxi claims to have learned of only through the media. The bill is not likely to pass soon and it is not clear whether the government will have the authority to stop unwanted sales. [REDACTED]

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LUXEMBOURG

Actions Supporting US Sanctions

Foreign Minister Poos told US officials that Luxembourg will follow the lead of its EC partners in any measures directed against Libya since there are no political or economic ties between the two countries. [REDACTED]

Actions Undermining US Sanctions

No significant developments.

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THE NETHERLANDS

Actions Supporting US Sanctions

While The Hague is still refusing to institute a boycott on imports of Libyan oil in the absence of EC action, the US Embassy received one unconfirmed report that the Dutch government is promoting voluntary reductions in Libyan oil imports. [REDACTED]

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Likewise, while the Dutch refuse to prohibit export credit guarantee solely on political grounds, government officials have told US Embassy officers that The Hague is following a restrictive policy toward Libya. The "window" for medium- and long-term credit guarantees is effectively closed. It is still possible for firms to obtain short-term credit guarantees for exports to Libya, but only with a confirmed letter of credit. [REDACTED]

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The Dutch Ministry of Foreign Affairs intervened with Fokker Aircraft to

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[REDACTED]

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[REDACTED] persuade the company not to train two Libyan pilots as Fokker had planned. [REDACTED]

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The Dutch-based multinational electronics firm, Philips, has recalled its few representatives in Libya. [REDACTED]

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Actions Undermining US Sanctions

As of late May, Dutch officials continue to point out the incongruity in US policy that allows US oil firms to operate in Libya, while Washington calls for allied government pressure on European firms to leave. [REDACTED]

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[REDACTED]

NORWAY

No significant developments.

PORTUGAL

No significant developments.

[REDACTED]

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[REDACTED]

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[REDACTED]

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SPAIN

Actions Supporting US Sanctions

Spanish Foreign Minister Fernandez Ordonez told the US Ambassador on 16 April that Spain would have been willing to agree to economic sanctions at the EC Foreign Ministers' meeting had the committee approved them. He accused France and Germany in particular of vetoing such an action. [REDACTED]

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[REDACTED]

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Iberia Airlines has suspended its flights to Tripoli. [REDACTED]

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Actions Undermining US Sanctions

[REDACTED]

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Ministry of Energy Subdirector Nemesio Fernandez-Cuesta emphasized that Madrid has no intention of limiting or prohibiting Spanish industry's Libyan petroleum imports, because they are a purely commercial matter. He said that while Madrid will not engage in government-to-government oil contracts, it will not dictate industry's purchases. [REDACTED]

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[REDACTED]

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SWEDEN

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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SWITZERLAND

Actions Supporting US Sanctions

No significant developments.

[REDACTED]

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TURKEY

Actions Supporting US Sanctions

The first group of 50 Turkish workers who have not received their pay from Turkish firms in Libya was transported back to Turkey in late March; Ankara paid the workers' fares. [REDACTED]

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[REDACTED]

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[REDACTED]

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Actions Undermining US Sanctions

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Ankara has refused US requests for formal expulsion of the Libyan ambassador, despite his history of terrorist involvement in the US and Switzerland, and has not reduced the level of official Libyan representation in Turkey. [REDACTED]

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UNITED KINGDOM

Actions Supporting US Sanctions

Labor Party leader Neil Kinnock, in a speech to parliament on 16 April that condemned both London and Washington for the military strike against Libya, called upon Thatcher to take the lead in pressing the Europeans to agree to comprehensive economic sanctions as an alternative to the military option. [REDACTED]

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In an editorial in The London Times on 16 April, which also came out strongly against the US strike, Social Democratic Party leader David Owen wrote that economic sanctions were too lightly dismissed when President Reagan requested European cooperation. He noted specifically that a ban on air flights in and out of Libya would have been a reasonable sanction, which could have been reinforced by a total quarantine of military materiel and possibly oil. Finally, he asked rhetorically, if air attacks had to be undertaken, why not hit unpopulated oil jetties and thus damage the Libyan economy? [REDACTED]

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At the EC meetings on 14 and 17 April, the British government called for the EC countries to follow Britain's lead and shut down all EC Libyan Peoples Bureaus, introduce tight visa controls to keep out most Libyans, and impose a total ban on arms sales to Libya. [REDACTED]

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Britain expelled 22 Libyan student-pilots and aviation mechanics following the 14 April EC Foreign Ministers' meeting. The Home Secretary announced that the visas of the 300 remaining aviation students expire in May and will not be renewed. [REDACTED]

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After the US bombing, London ordered British Caledonian to suspend its three weekly flights to Libya for security reasons. [REDACTED]

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[REDACTED]

Actions Undermining US Sanctions

Several British firms, including Massey-Ferguson, Plessey, GEC, Marconi Communications, Racal Communications, and Pye-Unicam maintain small staffs in Libya in technical, engineering and advisory positions. While there is no evidence to suggest that they are filling in for departed US companies, British newspaper reports allege that some of these firms are involved in repairing and maintaining Libyan radar equipment. If these reports are confirmed, the British Foreign Office told US officials that the firms would be guilty of violating a government ban on the export of military equipment to Libya, but did not indicate to what extent the government would prosecute the firms. [REDACTED]

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[REDACTED]

WEST GERMANY

Actions Supporting US Sanctions

The Chief of the Office of Export Control Affairs told US officials in April that Bonn would continue to investigate any US allegations about German firms undercutting US sanctions. He said, however, that allegations made so far were without foundation and urged the United States to check more closely before making such charges. Specifically, he indicated that the firms M.A.N. and Kaelble had signed their contracts several years ago, that Bonn was unable to identify TICO, and that Odenwald has not yet signed any agreements--although the government will watch "very closely" when it applies for export licenses. [REDACTED]

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In late April, the press reported that Kohl called on West German companies to reduce their business dealing with Libya while also urging US oil firms to withdraw their employees. [REDACTED]

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Foreign Office Director for Middle East and Maghreb Affairs Strenziok told a US official in May that the Libya situation has dampened German businesses' enthusiasm for doing business there. He said no new projects were being undertaken and some German companies had left Libya because of a lack of business. He doubted, however, whether normal government measures could have an effect on reducing German purchases of Libyan oil. 

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